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SUSPENSE 31 Jan 1986
Date

Remarks Please note report required for the first year's experience by January 31, 1986.

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OPTIONAL FORM 41 (Rev. 7-76)
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25 Jan 86
Date

EDWARD P. BOLAND, MASSACHUSETTS, CHAIRMAN

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PERMANENT SELECT COMMITTEE

ON INTELLIGENCE

WASHINGTON, DC 20515

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DO/A 105-1007

85-0334

January 24, 1985

Honorable William J. Casey
 Director of Central Intelligence
 Washington, D. C. 20505

Dear Mr. Casey:

Thank you for the Agency's notification to the Committee of its intent to proceed with an experimental pay program in its Office of Communications. I understand your staff has provided the Committee staff with a detailed briefing about this "pay banding" experiment.

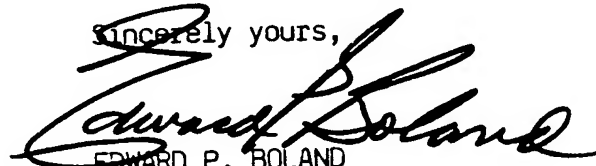
The Committee has no objection to the Agency's proposal to evaluate this concept on an experimental basis. The Committee anticipates reviewing the program at least annually. The Committee will pay particular attention to whether the costs of this experiment will exceed costs for the same employee group under the Agency's present General Schedule system.

The Committee joins you in seeking an effective Agency personnel management and compensation system. The Committee therefore wishes to assure itself that whatever pay system is used will ensure the retention of skilled personnel and fairly compensate them for satisfactory as well as excellent performance.

In line with the Committee's interest in this experimental program, I request that you provide the Committee with an evaluation of the first year's experience under the pay banding system by January 31, 1986.

With every good wish, I am

Sincerely yours,



EDWARD P. BOLAND
 Chairman

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Central Intelligence Agency



Washington, D.C. 20505

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LEGISLATIVE LIAISON

84-4784

14 DEC 1984

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TO -

HAC - C-453479

SAC - C-453478

HPSCF - C-453477

Mr. Robert R. Simmons, Staff Director
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510 - C-453476

Dear Rob:

This letter is written to describe an experimental pay program known as grade banding which we propose to implement in the Agency's Office of Communications for the Telecommunications Officer occupation category. This experimental program consolidates the current General Schedule (GS-05 through GS-15) into five pay levels. By doing so, the pay range for each pay level is modified to cover two or more GS grades. All pay decisions are based on substantially documented performance criteria.

STAT This program will be limited to the Office of Communications, and will include about Telecommunications Officers. The program involves use of a simplified position classification system; banding of the General Schedule grade levels; integration of our objectives-based appraisal system with the pay system; and establishment of management accountability through the budget process. The experiment will run for up to five years.

This system appears to offer us several improvements over our current pay practices. First, this pay-for-performance system allows for performance-related salary increases within a grade level rather than solely through promotion to the next grade level, thus reducing upward pressure on the position classification system. Second, the system provides managers with greater flexibility and accountability to set pay and to reward employees. Third, it simplifies and expedites position classification. Fourth, we anticipate that this system will enhance our efforts to recruit and retain the highly skilled specialists who are vital to our organization.

A substantial increase in payroll costs to fund this experiment is not anticipated. We have projected an additional operating cost of approximately \$400,000 for the

first year of the experiment. This includes a one-time cost of approximately \$250,000 for conversion to the new pay schedule. All costs will be absorbed out of our current personal services budget.

Pay levels in the experimental schedules are linked to the General Schedule as follows:

	<u>GS Schedule</u>	<u>Experimental Schedule</u>
Trainee Level	GS/GSO-06/08	TCO/TCX - 1
Working Level	GS/GSO-09/11	TCO/TCX - 2
Nonsupervisory Specialist	GS/GSO-11/12	TCO/TCX - 3
First Level Supervisory/Staff	GS/GSO-12/13	TCM/TCY - 3
Management/Senior	GS/GSO-14/15	TCM/TCY - 4

Since 1979, the Department of Navy has been conducting an experiment using a similar alternative pay program for its laboratories at Naval Weapons Center, China Lake, California, and at the Naval Ocean Systems Center, San Diego, California. Authorized under the Civil Service Reform Act of 1978, that experiment simplifies position classification and provides greater pay flexibility to management without substantially increasing payroll costs.

Over the life of our experimental pay program, we will monitor and evaluate on an annual basis the costs of the program and its success in meeting our improved performance and longevity objectives. Information obtained from our analysis will form the basis for discussions with you on any future expansion of the system to other parts of this Agency. If after receipt of these details you would like further briefing, we would be happy to do so. We are looking to implementation on 6 January 1985.

Sincerely,

/s/Charles A. Briggs

Charles A. Briggs
Director, Office of Legislative Liaison